mini course

How to START Forex Trading - Complete Beginner's Guide

Your roadmap from forex novice to confident trader

- FX basics & market structure
- Technical & fundamental analysis
- Risk management & position sizing
- Trading platforms & execution
- Trading psychology & plan creation
- Currency pairs, pips, lots & leverage

By the end of this course: You'll be confident to analyze charts, size positions, and place your first trade

What is Forex (FX)?

- **Foreign Exchange Market** - global marketplace where currencies are traded against each other
- **Largest financial market** in the world with over $6.6 trillion traded daily - most liquid market globally
- Operates **24 hours a day, 5 days a week** - follows the sun around the world from Sydney to New York
- **Real-life example:** Airport currency exchange - you exchange your money from one currency to another at a quoted exchange rate
- **Currency pairs** represent the relative value between two currencies (e.g., EUR/USD = 1.1015 means €1 costs $1.1015)

Currency Exchange Example:

€ 1 EUR ⇄ $ 1.1015 USD

Who Trades the Forex Market?

- **Retail Traders:** Individuals like you and me who trade for personal profit or to exchange currency for travel/business purposes
- **Banks:** Major financial institutions that execute large trades for clients, manage currency reserves, provide liquidity, and profit from the bid-ask spread
- **Corporates & Business Owners:** Companies that convert revenues or expenses from international operations (e.g., US company converting Euro earnings to dollars)
- **Governments & Institutions:** Central banks influencing currency values through monetary policy, sovereign wealth funds, and large financial institutions
- **Market Distribution:** Banks dominate (~50% volume), followed by institutional investors (~25%), corporations (~15%), and retail traders (~10%)

Currency Pairs & Types

Pair Structure: BASE/QUOTE (First currency is being bought or sold against the second)

EUR Base Currency / USD Quote Currency = **1.1015**
1 EUR costs 1.1015 USD

Pair Type	Examples	Description	Recommended
Major Pairs	EUR/USD, USD/JPY, GBP/USD, AUD/USD	Always include USD (either as base or quote). These pairs are the most traded, with highest liquidity and lowest spreads. Account for ~75% of forex trading volume.	✓ Best for beginners
Cross Pairs	EUR/GBP, GBP/AUD, EUR/JPY, CAD/JPY	Do NOT include USD. Moderate liquidity and slightly wider spreads than majors. Trading volume is lower but still significant for major economy crosses.	✓ Good for intermediate
Exotic Pairs	USD/TRY, EUR/ZAR, USD/BRL, GBP/MXN	One major currency paired with currency from emerging market (Turkey, South Africa, Brazil, Mexico, etc.). Lower liquidity, wider spreads, higher volatility, and often unpredictable price movements.	✗ Not for beginners

How Do You Make Money in Forex?

- **Buy low, sell high** - Purchase a currency when it's cheaper and sell when its value increases
- **Sell high, buy low** - Sell a currency at a higher price, then buy it back at a lower price (shorting)
- **Profit from strengthening** - If you predict EUR will strengthen against USD, you buy EUR/USD and profit when it rises
- **Profit from weakening** - If you predict EUR will weaken against USD, you sell EUR/USD and profit when it falls
- **The difference** between your entry and exit price (measured in pips) determines your profit or loss

LONG

= Buy Position

Profit when price rises

SHORT

= Sell Position

Profit when price falls

Pips: Measuring Price Movement

Pip = smallest standardized price movement in currency trading

Most currency pairs: 4th decimal place (0.0001)
Example: EUR/USD moving from 1.1014 to 1.1015 = +1 pip

Japanese Yen exception: 2nd decimal place
Example: USD/JPY moving from 142.45 to 142.48 = +3 pips

Calculating multiple pips: 3rd decimal change = 10 pips
4th decimal change = 1 pip

Modern trading platforms and calculators count pips automatically

Where is the Pip? (Standard Pair)

1 . 1 0 1 **5**

EUR/USD = 1.1015
(4th decimal is the pip)

Example: USD/CHF Pip Calculation

Starting: **0.8552**

↓

Ending: **0.8541**

Calculation: **4th decimal: 2→1 = -1 pip**

3rd decimal: 5→4 = -10 pips

Total: -11 pips

Lot Sizes & Pip Value

Lot Size: The standard unit of measurement for position size in Forex trading.
Pip Value: The monetary value of a 1-pip price movement based on your lot size.
The values below show the relationship between lot size and pip value for EUR/USD.

Lot Type	Lot Size	Units	Pip Value (EUR/USD)
Standard Lot	1.00	100,000 units	**$10 per pip** A 10 pip movement = $100
Mini Lot	0.10	10,000 units	**$1 per pip** A 10 pip movement = $10
Micro Lot	0.01	1,000 units	**$0.10 per pip** A 10 pip movement = $1
Nano Lot	0.001	100 units	**$0.01 per pip** A 10 pip movement = $0.10

Leverage: Powerful but Risky

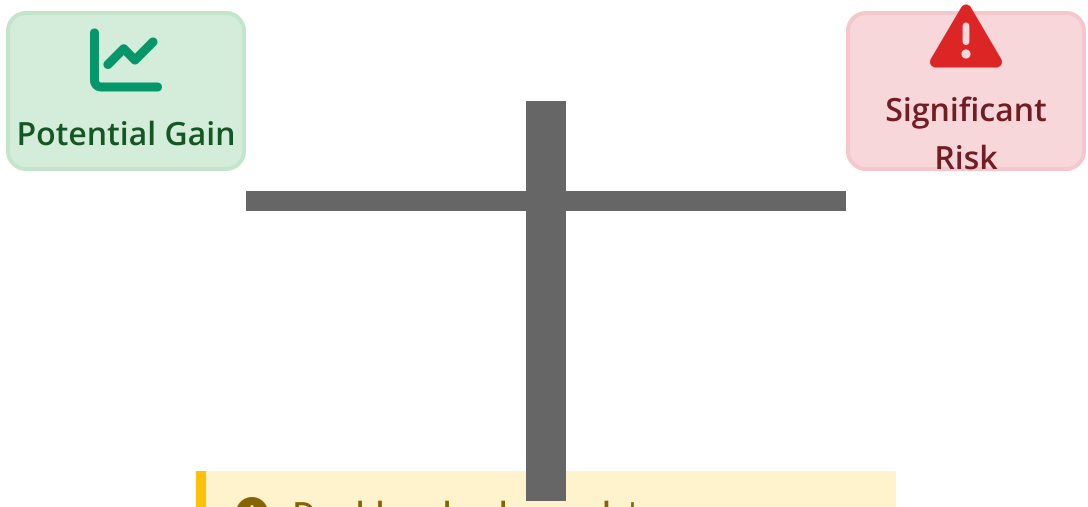
Definition: The ability to control a large amount of money using a very small amount of your own capital and borrowing the rest

Ratio explanation: 100:1 leverage means for every $1 in your account, you can take a position worth up to $100

Scenario A (100:1): $1,000 deposit → $100,000 position; +1% market move = +$1,000 profit (100% return)

Scenario A risk: -1% market move = -$1,000 loss (100% of account wiped out)

Scenario B (1:1, no leverage): $1,000 deposit → $1,000 position; +1% = +$10 profit; -1% = -$10 loss (1% of account)



Double-edged sword: Leverage magnifies both gains AND losses. Higher leverage = higher risk of account wipeout. Use with extreme caution.

100:1 Leverage vs No Leverage

$1,000 @ 100:1 → $100,000 position	**$1,000 @ 1:1 →** $1,000 position

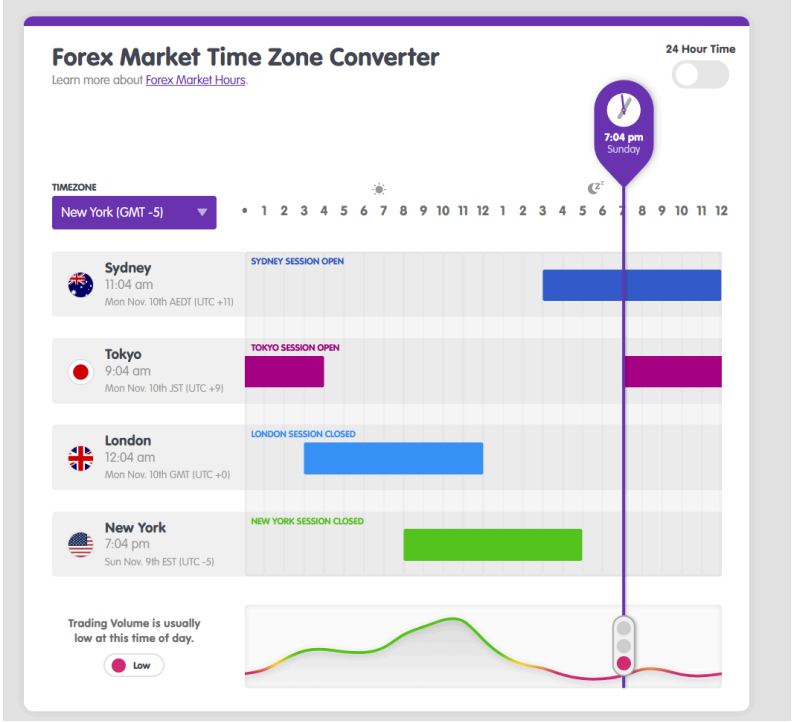
Forex Brokers: Your Trading Gateway

What are Forex Brokers? Financial services companies that provide traders access to a platform for buying and selling currencies. They act as intermediaries between you and the forex market.

Broker Type	Pros	Cons	Recommendation
Regulated	Licensed and monitored by regulatory authorities Strong customer protection policies Transparent fee structures Dispute resolution mechanisms Account fund security	Limited leverage (often capped at 30:1) Fewer tradable instruments Stricter verification requirements May have higher minimum deposits Some countries restrict access	✓ **Recommended for beginners and serious traders** Provides safety and reliability which is crucial when learning
Unregulated	Higher leverage (up to 500:1) More tradable instruments Easier payment methods Fewer restrictions on trading Often lower minimum deposits	No regulatory oversight Risk of account manipulation Limited transparency No compensation scheme Potential for broker insolvency	✗ **Not recommended for beginners** Higher risk of account loss, manipulation, and no recourse if issues arise

Forex Trading Sessions & Best Times

- **24/5 Market:** Forex never sleeps - trades continuously from Monday to Friday, following the sun around the world
- **Sydney/Tokyo Sessions:** Asian markets (3pm-midnight); typically lower volume, often ranging price action with less volatility
- **London Session:** European markets (3am-12pm); high liquidity, increased volatility, strong trending moves begin
- **New York Session:** American markets (8am-5pm); high volume, significant price action, especially during economic releases
- **Peak Trading Time:** London-New York overlap (8am-12pm) offers maximum liquidity, volatility, and trading opportunities


Forex Market Time Zone Converter
Learn more about Forex Market Hours.
24 Hour Time
7:04 pm
Sunday
TIMEZONE
New York (GMT -5)
1 2 3 4 5 6 7 8 9 10 11 12 1 2 3 4 5 6 7 8 9 10 11 12
Sydney
11:04 am
Mon Nov. 10th AEDT (UTC +11)
SYDNEY SESSION OPEN
Tokyo
9:04 am
Mon Nov. 10th JST (UTC +9)
TOKYO SESSION OPEN
London
12:04 am
Mon Nov. 10th GMT (UTC +0)
LONDON SESSION CLOSED
New York
7:04 pm
Sun Nov. 9th EST (UTC -5)
NEW YORK SESSION CLOSED
Trading Volume is usually low at this time of day.
Low

Trading Session Recommendation

- London + New York sessions offer the best trading opportunities
- Trade during 8:00 AM - 12:00 PM overlap for maximum liquidity
- Asian sessions often show ranging behavior (less trending)

News Events & Fundamentals (ForexFactory)

High-impact news events can cause sharp price spikes and volatility. Staying informed is crucial for planning trades and managing risk.

1 Access ForexFactory Calendar

Go to **forexfactory.com/calendar** to view upcoming economic events and news releases affecting currency markets.

2 Set Your Time Zone

Click the time display in upper right corner to adjust to your local time zone. This ensures news times match your trading schedule.

3 Filter By Impact Level

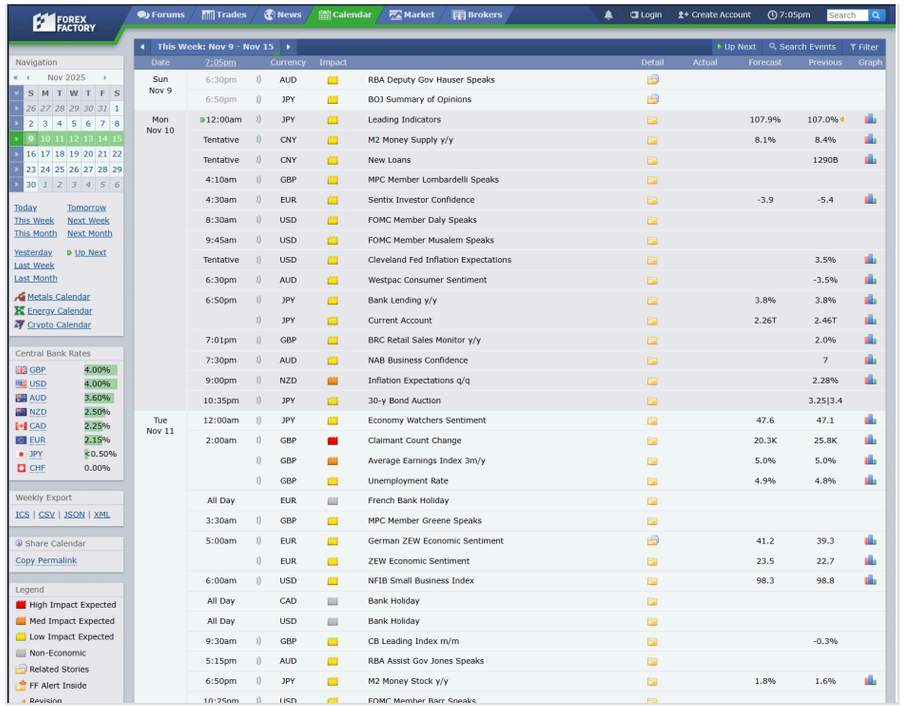
Click the filter icon and select impact levels: ● High (red), ● Medium (orange), ● Low (blue). Focus on high-impact events to avoid volatility or plan for breakout opportunities.

4 Select Relevant Currencies

Filter by currencies you trade (USD, EUR, GBP, etc.) to see only relevant news. This keeps your calendar focused on pairs in your portfolio.

5 Review Weekly/Monthly Events

Check upcoming events before planning your trading week. Pay attention to forecast vs. previous values to anticipate potential market reactions.



Pro Tip: Avoid opening new positions 5-10 minutes before major news releases. Consider closing or reducing positions if you're not specifically trading the news event.

Trading Platforms & Workflow

MetaTrader 4/5 (MT4/MT5): Industry-standard platform for executing trades, setting stop-loss/take-profit levels, and managing positions. Available on desktop and mobile.

TradingView: Superior charting platform with advanced tools for technical analysis, pattern recognition, and strategy development.

Efficient Workflow: Combine both platforms for optimal results – analyze markets on TradingView, then execute precisely on MT4/5.

Cross-Platform Access: Both platforms offer web, desktop, and mobile versions so you can trade from anywhere.

1. Analyze

Use TradingView's advanced charting tools to identify setups and plan your trade

2. Execute

Place your trade on MT4/5 with precise lot size and risk parameters

3. Manage

Monitor positions, adjust stop-loss/take-profit, or close trades as needed

Risk Management (Critical)

- **Maximum risk per trade: 0.5% to 2%** of your total account balance - absolute maximum is 2% per trade (many professionals risk only 1%)
- **Always use a stop-loss** - this is non-negotiable. Set your stop before entering any trade, never move it further away
- **Use position size calculators** (Myfxbook, Babypips) to determine exact lot size for each trade based on your risk tolerance
- **Without proper risk management**, you could lose your entire account in a single trade or series of trades
- **Capital preservation comes first** - protect your trading capital as your primary goal; profits will follow with consistency

Position Size Formula:

Lot Size = (Account × Risk%) ÷ (SL pips × $ per pip)

Example: $10,000 account, 1% risk, 50 pip stop, $10/pip standard lot

Lot Size = ($10,000 × 1%) ÷ (50 × $10) = $100 ÷ $500 = 0.2 lots

Reward-to-Risk Ratios & Win Rate

Reward-to-Risk ratio (R:R) determines how much you aim to make relative to what you risk. Higher ratios allow for profitability with lower win rates.

Ratio	Example	Required Win Rate	Recommendation
1:1 One-to-One	Risk $10 to make $10 -$10 +$10	50% Break-even point	Basic Simple to implement but requires high accuracy. Suitable for high-probability setups.
2:1 Two-to-One	Risk $10 to make $20 -$10 +$20	40% Profitable zone	RECOMMENDED Ideal balance for beginners. Win less than half your trades and still be profitable.
3:1 Three-to-One	Risk $10 to make $30 -$10 +$30	34% Highly profitable	Advanced Greater profitability with fewer winning trades, but requires more patience for targets.

Technical Analysis: Tools & Approach

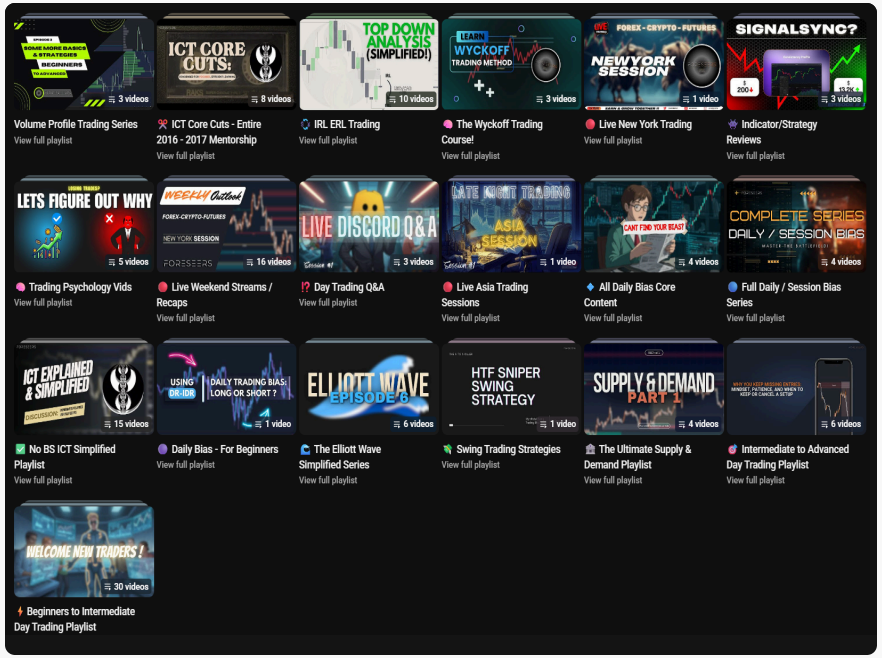
Technical Analysis Definition: Study of price movements on charts to identify patterns and time entries/exits

Chart Tools: Trendlines, Support/Resistance, Patterns (Head & Shoulders, Double Tops, etc.)

Technical Indicators: Moving Averages (SMA, EMA), MACD, RSI, Stochastic, Bollinger Bands

Advanced Concepts: Supply/Demand zones, Price Action, Smart Money Concepts, ICT, Elliott Waves

Finding Your Style: Explore different methods, but focus deeply on ONE approach that suits your personality and trading timeframe



Fundamental Analysis: The Macro Side

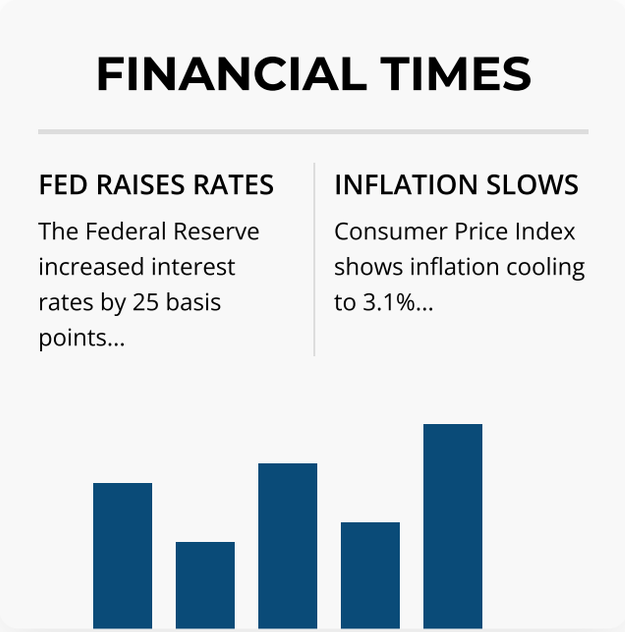
Economic Data & Reports - Study interest rates, inflation (CPI), employment figures (NFP), GDP growth, central bank statements, and policy decisions

High-Impact News - Creates significant volatility and trading opportunities; price can move hundreds of pips in minutes following major announcements

Complete Picture - Combine fundamental analysis with technical analysis for stronger trading decisions and better context

Stay Informed - Use ForexFactory calendar, central bank websites, and financial news sources to track upcoming events and announcements

Trading Tip: Wait for high-impact news to pass before entering new positions unless you have a specific news-trading strategy


FINANCIAL TIMES
FED RAISES RATES
The Federal Reserve increased interest rates by 25 basis points...
INFLATION SLOWS
Consumer Price Index shows inflation cooling to 3.1%...

Example: Non-Farm Payrolls (NFP) release showing job creation significantly above expectations can strengthen the USD against other currencies as it signals economic growth

Backtesting: Prove It Before You Trade It

1

Define Rules

Create clear, specific trading rules that can be objectively tested. Include entry/exit criteria, position sizing, and risk parameters.

2

Test 100+ Trades

Apply your rules to historical data across different market conditions. Minimum 100 trades for statistical significance.

3

Track Metrics

Record win rate, reward-to-risk ratio, max drawdown, profit factor, and expectancy to evaluate strategy effectiveness.

4

Refine

Identify weaknesses and optimize your approach. Adjust rules, test again, and repeat until you have a consistent edge.

Backtesting Tools & Tips

FX Replay

Free tool that allows manual replay of historical forex data, simulating real-time trading without revealing future price action.

TradingView Premium

Offers playback feature to simulate trading on historical charts with detailed statistics and performance tracking.

> **Key Tip:** Test your strategy across different timeframes, market conditions (trending/ranging), and currencies to ensure robust performance.
>
> **Remember:** Successful backtesting doesn't guarantee future profits, but it dramatically increases your probability of success.
>
> **Critical:** Never risk real money until you've proven your strategy works on historical data first.

Create Your Trading Plan

Strategy & Setups

- Specific strategy rules (e.g., MA crossover, breakouts)
- Clear chart patterns or setups you'll trade
- Indicators and settings you'll use
- Timeframes you'll analyze (daily, 4H, 1H)

Risk Management

- Maximum risk per trade (0.5% to 2%)
- Reward-to-risk ratio targets (2:1 minimum)
- Maximum open positions at once
- Daily/weekly loss limits

Time & Sessions

- Trading sessions you'll focus on (London, NY)
- Days/times you won't trade
- News event rules (avoid trading during news?)
- Maximum time in front of charts per day

Entry & Exit Rules

- Specific entry trigger conditions
- Stop-loss placement rules
- Take-profit targets (full/partial)
- Trade management rules (trailing stops?)

Journal & Review

- Trade journal format and metrics to track
- Screenshot before/during/after trades
- Weekly/monthly performance review
- When and how to adjust the plan

Psychology

- Pre-trading routine/checklist
- Rules for handling losing streaks
- When to take breaks from trading
- How to celebrate wins constructively

Why Create a Trading Plan?

"If you fail to plan, you plan to fail." A clear trading plan removes emotions from decision-making and provides structure to your trading.

Without a plan: Confusion on chart analysis, inconsistent position sizing, impulsive entries/exits, and unpredictable results.

With a plan: Consistent approach, objective entries and exits, proper risk management, and measurable results.

Always backtest your plan thoroughly before risking real money!

Trading Psychology: Master Your Mindset

Emotions impact trading decisions - recognize and manage:

Fear | Greed | FOMO | Revenge trading | Panic | Overconfidence

Avoid gambling mentality - accept small, controlled losses as part of the business, not emotional events requiring "revenge"

Use trading routines - pre-trade checklist, fixed risk parameters, respect your stop-loss/take-profit levels, end-of-day review

Focus on process over outcome - judge yourself by how well you followed your plan, not by individual trade results

Develop mental resilience - meditation, proper sleep, breaks from screens, and practicing discipline in small daily habits

Trading Edge = Strategy × Risk × Discipline

"The market is a device for transferring money from the impatient to the patient." — Warren Buffett

Important Warnings

HIGH RISK: Forex trading can lead to substantial financial losses quickly. Never invest money you can't afford to lose.

Business mindset: Treat forex trading as a serious business that requires planning, research, and discipline — not a get-rich-quick scheme.

Always use stop-loss: Never trade without a stop-loss order in place. This is your protection against catastrophic losses.

Choose regulated brokers: Unregulated brokers may manipulate prices, refuse withdrawals, or suddenly disappear with your funds.

Be your own trader: Don't blindly follow signals or copy others. Develop your own understanding and trading plan for long-term success.

Selective trading: Just because the market is open 24/5 doesn't mean you should trade all the time. Focus on high-quality setups during optimal sessions.

Trading without education and a solid plan is not trading — it's gambling

High Volatility

Capital Risk

Not Gambling

Secure Broker

Mental Discipline

Continuous Learning

Next Steps for Beginners

1

Open Demo Account

Start with a free demo account from a regulated broker to practice without financial risk.

2

Download Platforms

Install MT4/MT5 for trade execution and TradingView for chart analysis and research.

3

Practice Reading Charts

Learn to identify candlestick patterns, support/resistance, and basic market structures.

4

Choose ONE Method

Focus on mastering a single technical approach instead of jumping between multiple strategies.

5

Study Risk Management

Master position sizing, stop-loss placement, and how to protect your capital at all costs.

6

Draft Trading Plan

Document your strategy, risk rules, entry/exit criteria, and when/what you'll trade.

7

Backtest 100+ Trades

Test your plan on historical data to ensure it has a statistical edge before risking real money.

8

Journal & Refine

Record all trades, analyze results, identify improvement areas, and continuously optimize your approach.

9

Start with Micro Lots

When going live, use the smallest position sizes (0.01) to minimize risk while gaining real market experience.

10

Keep Learning

Continue education, stay humble, adapt to changing market conditions, and build your skills over time.

Remember: Trading is a marathon, not a sprint. Most successful traders take 1-2 years to become consistently profitable.

Critical: Focus on process and skill-building rather than profits in your early months. Protect your capital as your #1 priority.

Mindset: Treat forex trading as a business with proper planning, risk management, and performance tracking.

Key Takeaways & Conclusion

- **Forex is the largest financial market** operating 24/5 globally
- **Start with major pairs** like EUR/USD, GBP/USD for best liquidity and learning experience
- **Risk management is EVERYTHING** - never risk more than 2% per trade
- **Use 2:1 reward-to-risk ratio minimum** - helps you profit even with lower win rates
- **Focus on London & New York sessions** for best trading opportunities and volume
- **TradingView for analysis, MT4/5 for execution** - use the right tools for each task
- **Master your emotions** - discipline and patience lead to long-term success

> "Treat forex trading as a business, not gambling. Start on demo, build a solid plan, stay disciplined, and be patient."

Success = Strategy + Risk Management + Psychology